

Message Text

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PAGE 01 RANGOO 02330 281016Z
ACTION EA-12

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FM AMEMBASSY RANGOON
TO SECSTATE WASHDC IMMEDIATE 5590
INFO AMEMBASSY MANILA

C O N F I D E N T I A L RANGOON 2330

E.O. 11652: GDS
TAGS: EAID, PORG, SHUM, BM, ADB
SUBJECT: ADB SUGAR PROJECT LOAN

REFS: (A) STATE 163326; (B) 76 RANGOON 1110; (C) RANGOON A-142,
JANUARY 7, 1975

1. EMBASSY HAS NOT YET RECEIVED LOAN DOCUMENTS FROM USADB
REGARDING THE PYANMANA SUGAR PROJECT, NOR HAVE WE BEEN REQUESTED
TO COMMENT ON THE PROPOSED LOAN FOR NAC AGENCIES. CONSEQUENTLY,
WE HAVE VERY LITTLE DIRECT INFORMAGION ON THE PROJECT, NOR HAVE
WE SEEN THE RESULTS OF THE TECHNICAL STUDY. IT IS OUR UNDER-
STANDING THAT THIS LOAN IS A FOLLOW-ON TO THE TECHNICAL ASSISTANCE
ADB GRANT TO THE PYINMANA SUGAR MILL IN APRIL 1976 (REF B).

2. BASED ON INFORMATION AVAILABLE FROM THE TECHNICAL ASSISTANCE
DOCUMENTS THE PROPOSED PROJECT INCLUDES THE FOLLOWING:

- (A) REHABILITATION AND EXPANSION OF THE PYINMANA SUGAR MILL
- (B) REHABILITATION AND EXPANSION OF THE PYINMANA SUGAR MILL
WORKSHOP;
- (C) CONSTRUCTION OF IRRIGATION AND DRAINAGE FACILITIES IN A
FACTORY ZONE OF ABOUT 25,000 ACRES IN AREAS CLOSE TO THE
PYINMANA SUGAR MILL;
- (D) IMPROVEMENT OF THE FEEDER ROAD NETWORK IN THE FACTORY ZONE
AREA;

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- (E) REHABILITATION AND EXPANSION OF THE SEEN CAN FARM AT ELA
AND ESTABLISHMENT OF HOT WATER TREATMENT (HWT) FACILITIES AT
THE PYINMANA SUGAR MILL;
- (F) ESTABLISHMENT OF A POOL OF TRACTORS AND ITS WORKSHOP AT THE
PYINMANA SUGAR MILL;
- (G) IMPROVEMENT OF EXTENSION SERVICES, PROVISIONS OF INPUTS
AND CREDIT, SUPPORTED BY APPGPRIATE CANE PRICING AND

PROCUREMENT ARRANGEMENTS;
(H) CONSULTANTS' SERVICES TO ASSIST IN THE IMPLEMENTATION OF THE
PROJECT.

3. BURMA HAS ONE OF THE LOWEST PER CAPITA CONSUMPTIONS OF
SUGAR IN THE WORLD. ALMOST NO SUGAR IS IMPORTED. ALL THE INCREASED
OUTPUT FROM THE PROPOSED PROJECT WOULD BE CONSUMED IN COUNTRY.
THE PER CAPITA CONSUMPTION OF ALL OTHER SWEETENERS, INCLUDING TODDY
PALM JAGGERY, IS ALSO VERY LOW. OFFICIAL FIGURES PLACED PER
CAPITA CONSUMPTION OF ALL SWEETENERS, INCLUDING SUGAR, AT 4.5 KG.
AS CONSIDERABLE QUALITIES OF SWEETENERS ARE PRODUCED AND TRADED
OUTSIDE THE OFFICIAL MARKET, PER CAPITA CONSUMPTION IS PROBABLY
SOMEWHAT HIGHER THAN THIS FIGURE WOULD INDICATE. NEVERTHELESS, THE
AVERAGE PER CAPITA CALORIC INTAKE IS IN THE RANGE OF 2800 TO 3000
CALORIES. ALTHOUGH THERE IS SUFFICIENT NOURISHING FOOD IN BURMA,
MALNUTRITION IS FAIRLY COMMON, PARTICULARLY AMONG BABIES. THIS
IS NOT BECAUSE OF LACK OF REFINED SUGAR, BUT STEMS MAINLY FROM
IGNORANCE OF PROPER DIET AND THE LACK OF MILK AND OTHER DAIRY
PRODUCTS.

4. IT STRIKES US THAT THE MAIN BENEFICIARIES OF THE PROPOSED
SUGAR SCHEME WOULD BE THE SUGAR PLANTERS. ALTHOUGH WE LACK
DETAILS, PRESUMABLY THE PRESENT TENANTS OF THE 25,000 ACRE TRACT,
WHICH WE BELIEVE IS NOW UNDER CULTIVATION, WILL ENJOY A LARGER
INCOME ONCE THE PROJECT IS COMPLETED. ALSO, THERES WILL BE SOME
EMPLOYMENT GENERATED. ALTHOUGH SUGAR PLANTERS IN BURMA ARE
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BY NO MEANS RICH, THEIR AVERAGE INCOME IS HIGHER PER
ACRE THAN RICE FARMERS. THE AVERAGE HOLDING IS ABOUT 10 ACRES.

5. TO THE EXTENT THE PROPOSED PROJEC WOULD ASSIST IN RAISING
STANDARDS OF LIVING OF SUGAR FARMERS AND OTHERS WHO FOUND
EMPLOYMENT IN CONNECTION WITH THE PROJECT, IT WOULD SEEM TO MEET
A BASIC HUMAN NEED CRITERIA. HOWEVER, WE VIEW INCREASING THE
PRODUCTION (AND CONSUMPTION) OF REFINED SUGAR IN BURMA AS A
LOW PRIORITY OBJECTIVE AS COMPARED TO THE COUNTRY'S MANY OTHER
NEEDS AND WONDER WHETHER THE PROPOSED LOAN IS JUSTIFIABLE ON
ECONOMIC GROUNDS.
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